

**COUNTY OF SAN BERNARDINO**  
**CALIFORNIA**  
**SPECIAL DISTRICTS**  
**AUDIT REPORT**  
**BIG BEAR VALLEY RECREATION AND PARK DISTRICT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Prepared by:**  
**Internal Audits Section**  
**Office of the Auditor/Controller-Recorder**  
**October 8, 2004**

**County of San Bernardino Special Districts  
Big Bear Valley Recreation and Park District**

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# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

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**LARRY WALKER**  
Auditor/Controller-Recorder  
County Clerk

**ELIZABETH A. STARBUCK**  
Assistant Auditor/Controller-Recorder  
Assistant County Clerk

## Independent Auditor's Report

**October 8, 2004**

**Thomas Sutton, Director**  
Office of Special Districts  
157 W. Fifth Street, Second Floor  
San Bernardino, CA 92415-0450

**SUBJECT: AUDIT OF BIG BEAR VALLEY RECREATION AND PARK DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

### Introductory Remarks

In compliance with Section 26909 of the California Government Code, we have completed an audit of Big Bear Valley Recreation and Park District for the fiscal year ended June 30, 2004.

### Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining aggregate fund information of the County of San Bernardino's Special District Big Bear Valley Recreation and Park District (District), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of the District, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and the state regulations governing Special Districts.

The accompanying budgetary comparison information on pages 21 - 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Respectfully submitted,

**Larry Walker**  
Auditor/Controller-Recorder

By: Barbara K. Redding, CPA, CGFM  
Internal Audits Manager

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**County of San Bernardino**  
**Big Bear Valley Recreation and Park District**  
**Statement of Net Assets**  
**June 30, 2004**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 380,039
Cash in banks	
Special purpose revolving fund	12,854
Latch key grant	31,585
Petty cash	500
Taxes receivable	65,671
Interest receivable	633
Total current assets	<u>491,282</u>
Noncurrent assets:	
Capital assets:	
Land	171,057
Improvements to land	1,005,478
Structures and improvements	1,450,154
Vehicles	260,411
Equipment	24,136
Less accumulated depreciation	<u>(1,300,481)</u>
Total noncurrent assets	<u>1,610,755</u>
Total assets	<u><u>\$ 2,102,037</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Salaries and benefits payable	\$ 50,168
Due to other governments	<u>6,110</u>
Total current liabilities	<u>56,278</u>
Noncurrent liabilities:	
Employee compensated absences	<u>117,968</u>
Total liabilities	<u>174,246</u>
<b>NET ASSETS</b>	
Invested in capital assets	1,610,755
Restricted	31,585
Unrestricted	<u>285,451</u>
Total net assets	<u>1,927,791</u>
Total liabilities and net assets	<u><u>\$ 2,102,037</u></u>

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2004**

	<b>Governmental Activities</b>
<b>EXPENSES</b>	
Salaries and benefits	\$ 1,078,620
Services and supplies	209,886
Professional services	46,520
Agricultural services	48,867
Utilities	77,342
Insurance	95,685
Maintenance	68,774
Depreciation	85,220
Total expenses	<u>1,710,914</u>
<b>PROGRAM REVENUES</b>	
Charges for services	<u>518,216</u>
Total program revenues	<u>518,216</u>
Net program (expense) revenue	<u>(1,192,698)</u>
<b>GENERAL REVENUES</b>	
Property taxes	1,157,003
Government aid	19,146
Interest	2,982
Other revenues	2,700
Contributions	19,094
Special item - Gain on sale of fixed assets	1,588
Transfers	<u>(5,418)</u>
Total general revenues, special items, and transfers	<u>1,197,095</u>
Change in net assets	4,397
<b>Net assets - beginning</b>	<u>1,923,394</u>
<b>Net assets - ending</b>	<u><u>\$ 1,927,791</u></u>

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Balance Sheet  
June 30, 2004**

	Park (CRP, SSA)	Zoo (SSC, SSF)	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 219,240	\$ 160,799	\$ 380,039
Cash in bank			
Special purpose revolving fund	12,854	-	12,854
Latch key grant	31,585	-	31,585
Petty cash	500	-	500
Taxes receivable	65,671	-	65,671
Interest receivable	67	566	633
Total assets	<u>\$ 329,917</u>	<u>\$ 161,365</u>	<u>\$ 491,282</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Salaries and benefits payable	\$ 38,464	\$ 11,704	\$ 50,168
Due to other governments	4,615	1,495	6,110
Total liabilities	<u>43,079</u>	<u>13,199</u>	<u>56,278</u>
Fund balances:			
Reserved - imprest	675	-	675
Reserved - special purpose	44,439	-	44,439
Unreserved	241,724	148,166	389,890
Total fund balances	<u>286,838</u>	<u>148,166</u>	<u>435,004</u>
Total liabilities and fund balances	<u>\$ 329,917</u>	<u>\$ 161,365</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,610,755
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(117,968)</u>
Net assets of governmental activities	<u>\$ 1,927,791</u>

The notes to the financial statements are an integral part of this statement.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2004**

	PARK	ZOO	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 1,090,274	\$ 66,729	\$ 1,157,003
Charges for services	263,509	254,707	518,216
Interest	492	2,490	2,982
Government aid	19,146	-	19,146
Other revenues	2,700	-	2,700
Contributions	-	19,094	19,094
Total revenues	<u>1,376,121</u>	<u>343,020</u>	<u>1,719,141</u>
<b>EXPENDITURES</b>			
Salaries and benefits	798,837	238,956	1,037,793
Services and supplies	187,195	22,691	209,886
Professional services	32,527	13,993	46,520
Agricultural services	-	48,867	48,867
Utilities	77,342	-	77,342
Insurance	95,685	-	95,685
Maintenance	56,837	11,937	68,774
Total expenditures	<u>1,248,423</u>	<u>336,444</u>	<u>1,584,867</u>
Excess of revenues over (under) expenditures	<u>127,698</u>	<u>6,576</u>	<u>134,274</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	(4,436)	(982)	(5,418)
<b>SPECIAL ITEM</b>			
Proceeds from sale of fixed assets	<u>1,588</u>	<u>-</u>	<u>1,588</u>
Net change in fund balances	124,850	5,594	130,444
Fund balances - beginning	<u>161,988</u>	<u>142,572</u>	<u>304,560</u>
Fund balances - ending	<u>\$ 286,838</u>	<u>\$ 148,166</u>	<u>\$ 435,004</u>

The notes to the financial statements are an integral part of this statement.



**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
For the Fiscal Year Ended June 30, 2004**

Net change in fund balances - total governmental funds	\$	130,444
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the current period.	(85,220)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Changes in Employee Compensated Absences	<u>(40,827)</u>
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Change in net assets of governmental activities	<u><u>\$</u></u>	<u>4,397</u>
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The notes to the financial statements are an integral part of this statement.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity**

The Big Bear Valley Recreation and Park District (District) is a park and recreation district located within the County of San Bernardino. The District has governmental powers as established by the San Bernardino County Government Charter (County). The County was established in 1852 as a legal subdivision of the State of California.

The District was established by an act of the Board of Supervisors of the County of San Bernardino on April 23, 1934. The governmental reporting entity maintains nine parks, including a zoo, swim beach, and senior center.

The District is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the County has the ability to impose its will on the organization, or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of the Big Bear Valley Recreation and Park District and are not intended to present the financial position of the County taken as a whole.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the reporting entity. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions,

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Currently, the District does not have any proprietary or fiduciary fund types.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, for revenue derived from voluntary non-exchange transactions, such as taxes and federal and state grants, the County expanded its definition of "available" to 9 months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

The government reports the following major governmental funds:

The *special revenue and capital project fund* labeled "Park" is the government's primary operating funds. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* labeled "Zoo" accounts for the Moonridge Animal Park Zoo and zoo projects.

The District accounts for the financial resources and the acquisition and construction of recreational facilities by using capital project sub funds within the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer to increase interest earnings through investment activities.

Investment activities are governed by the California Government Code Sections 53601, 53635, and 53638 and the County's Investment Policy. Authorized investments include U. S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements, and reverse repurchase agreements.

Interest income, and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based upon the District's average daily

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value as of June 30, 2004.

**Property taxes**

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties on August 31.

**Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

Property, plant and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment and Vehicles	6 – 15
Structures & improvements	15 – 45
Improvements to land	15 – 45

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

**Employee compensated absences**

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are earned. Compensated absence liabilities are recorded as a long-term liability. The District is not obligated to pay for unused sick leave if an employee terminates or retires.

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2004</u>
Compensated Absences	\$ 77,141	\$ 88,878	\$ 48,051	\$ 117,968

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**Reconciliation of government-wide and fund financial statements**

**Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities.**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

Depreciation expense	<u>\$ (85,220)</u>
<i>Net adjustment to decrease net change in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ (85,220)</u></u>

**Stewardship, compliance and accountability**

**A. Budgetary information**

In accordance with provisions of Section 29000 - 29143 of the Government code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for capital assets within each fund.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done at the discretion of the Special District's Administration Department head. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**Stewardship, compliance and accountability continued**

**B. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**NOTE 2: CAPITAL ASSETS**

The costs of building and acquiring capital assets (land, buildings, vehicles and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net assets includes those capital assets among the assets of Big Bear Valley Recreation and Park District as a whole, and their original costs are expensed annually over their useful lives. Capital asset activity for governmental activities for the year ended June 30, 2004 was as follows:



**County of San Bernardino**  
**Big Bear Valley Recreation and Park District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2004**

**NOTE 2: CAPITAL ASSETS - Continued**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 171,057	\$ -	\$ -	\$ 171,057
Total capital assets, not being depreciated	171,057	-	-	171,057
<i>Capital assets, being depreciated</i>				
Improvements to land	1,005,478	-	-	1,005,478
Structures and improvements	1,450,154	-	-	1,450,154
Vehicles (Park)	262,947	-	(28,213)	234,734
Vehicles (Zoo)	25,677	-	-	25,677
Equipment	24,136	-	-	24,136
Total capital assets, being depreciated	2,768,392	-	(28,213)	2,740,179
Less accumulated depreciation for:				
Improvements to land	(513,053)	(31,888)	-	(544,941)
Structures and improvements	(521,184)	(30,865)	-	(552,049)
Vehicles (Park)	(184,388)	(18,187)	28,213	(174,362)
Vehicles (Zoo)	(713)	(4,280)	-	(4,993)
Equipment	(24,136)	-	-	(24,136)
Total accumulated depreciation	(1,243,474)	(85,220)	28,213	(1,300,481)
Total capital assets, being depreciated, net	1,524,918			1,439,698
Government-type activities capital assets, net	\$ 1,695,975			\$ 1,610,755

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 3: RETIREMENT PLAN**

**Plan description**

The San Bernardino County Employees Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (Plan) operating under the California County Employees Retirement Act of 1937 (1937 Act). The plan provides retirement, death, and disability benefits to members. Although legally established as a single employer plan for the County of San Bernardino (which includes this District), the organizations listed below were added later:

City of Big Bear Lake  
City of Chino Hills  
California State Association of Counties  
San Bernardino County Law Library  
Crest Forest Fire Protection District  
Mojave Desert Air Quality Management District (MDAQMD)  
South Coast Air Quality Management District (AQMD)  
Local Agency Formation Commission (LAFCO)

The District and others covered under the plan are collectively referred to as the "Participating Members." The plan is governed by the San Bernardino County Board of Retirement under the 1937 Act. The Board acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 West Hospitality Lane – 3<sup>rd</sup> Floor, San Bernardino, California 92415-0014.

**Funding policy**

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry into the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.36% - 13.46% of their annual covered salary of which the County pays approximately 7%. All employers combined are required to contribute 8.90% of the current year covered payroll. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act. The District's retirement contributions are included in the County's prepaid pension costs. For 2004, the County's annual pension costs can be determined by obtaining a copy of its Comprehensive Annual Financial Report by contacting the Auditor/Controller, 222 W. Hospitality Lane, 4<sup>th</sup> Floor, Attn: General Accounting Section, San Bernardino, CA 92415-0018.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 4: SELF INSURANCE**

The District is insured through the County's self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$30 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority (EIA) Liability Program II. Workers' compensation claims are self-insured up to \$2 million per occurrence, and covered by CSAC EIA for up to \$10 million for employer's liability, and up to \$50 million for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25,000 deductible, and insured with CSAC EIA Property Program.

The County supplements its self-insurance for medical malpractice claims with CSAC EIA, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim. Maximum coverage under the policy is \$11.5 million per claim with an additional \$18.5 million in limits provided by the CSAC EIA General Liability II Program.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities included in the Risk Management Fund are based upon the results of actuarial studies, and include amounts for claims incurred but not reported, and allocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 5.00%. It is the County's practice to obtain actuarial studies at least biennially.

The County has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation, and medical malpractice programs. The County's investment in the agreements totaled \$45.7 million at June 30, 2004.

The claims liability of \$101.7 million reported at June 30, 2004 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 4: SELF INSURANCE - *Continued***

probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2003 and 2004 were:

<b>Fiscal Year</b>	<b>Beginning of Fiscal Year Liability (in thousands)</b>	<b>Current-Year Claims and Changes in Estimates (in thousands)</b>	<b>Claims Payments (in thousands)</b>	<b>Balance at Fiscal Year-End (in thousands)</b>
2002-03	\$95,288	\$30,685	(\$32,171)	\$93,802
2003-04	\$93,802	\$45,128	(\$37,221)	\$101,709

**NOTE 5: PROPOSITION 111 APPROPRIATION LIMITS**

Proposition 111, which added Article XIIIB to the State Constitution, established limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2003-2004 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

**NOTE 6: FEDERAL AND STATE GRANTS**

From time to time the District may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 7: SPECIAL PURPOSE REVOLVING FUNDS**

The District operates revolving cash funds for the purpose of conducting and supervising special recreational activities. The funds generated by the special activities are kept in a commercial bank. Because the recreational activities are self-funded and not part of the District's budget, only the cash balance and related equity are recorded on the District's general fund balance sheet. Profits earned from special activities are reflected as part of park and recreation fees in the general fund. Gross revenues, expenses (including transfers to the general fund), and the cash balance in the fund is shown below:

	<u>Special Purpose</u>	<u>Latch Key Grant</u>	<u>Totals</u>
Cash balance July 1, 2003	\$ 50,102	\$ 15,956	\$ 66,058
Add: revenues	522,664	22,323	544,987
Less: expenses and transfers	(559,912)	(6,694)	(566,606)
Cash balance - June 30, 2004	<u>\$ 12,854</u>	<u>\$ 31,585</u>	<u>\$ 44,439</u>

**NOTE 8: NET ASSETS**

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contribution of capital. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations, of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – The component of net asset consist of net assets of the County that are not restricted for any project or other purpose.

**County of San Bernardino  
Big Bear Valley Recreation and Park District  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2004**

**NOTE 8: NET ASSETS – Continued**

The net asset amounts at June 30, 2004 were as follows:

	<u>Governmental Activities</u>
Invested in capital assets, net of related debt:	
Net land, improvements to land, Infrastructure, construction in progress, utility plant in service, structures and improvements, and equipment & vehicles	\$ 1,610,755
Restricted - Latch Key	31,585
Unrestricted	<u>285,451</u>
<b>Total Net Assets</b>	<u>\$ 1,927,791</u>

**NOTE 9: DEPOSITS**

At June 30, 2004, the carrying amount of the District's deposits was \$44,939 and the corresponding bank balance was \$49,664. The difference of \$4,725 was due to outstanding warrants and a passed adjustment. The District's deposits are categorized in the following manner:

Category 1 – Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 – Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name.

District deposits by category as of June 30, 2004 are as follows:

	<u>Category</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Bank Accounts	<u>\$ 49,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,664</u>

The District had uninsured deposits in Union Bank during Fiscal Year 2003/04. This is due to the District not making weekly deposits into the County Treasury.

**Required Supplementary Information  
County of San Bernardino  
Big Bear Valley Recreation and Park District  
Budgetary Comparison Schedule – Schedule 1  
For the Fiscal Year Ended June 30, 2004**

	Special Revenue Fund Park (SSA)				Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Property taxes	\$ 885,268	\$ 949,423	\$ 1,090,274	\$	140,851
Use of money and property	25,320	26,320	2,080		(24,240)
Current services	403,620	356,374	263,509		(92,865)
Government aid	-	-	19,146		19,146
Operating transfers in	-	8,000	-		(8,000)
Other revenue	105,531	486,113	2,700		(483,413)
Total revenues	1,419,739	1,826,230	1,377,709		(448,521)
<b>EXPENDITURES</b>					
Salaries and benefits	935,056	965,236	798,837		166,399
Services and supplies	453,558	469,480	449,586		19,894
Central computer	3,804	3,563	-		3,563
Vehicles	41,000	-	-		-
Reserves and contingencies	35,563	-	-		-
Total expenditures	1,468,981	1,438,279	1,248,423		189,856
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(100,000)	(484,620)	(4,436)		480,184
Total other financing sources (uses)	(100,000)	(484,620)	(4,436)		480,184
Net change in fund balances	\$ (149,242)	\$ (96,669)	124,850	\$	221,519
Fund balances - beginning			161,988		
Fund balances - ending			\$ 286,838		

**Required Supplementary Information**  
**County of San Bernardino**  
**Big Bear Valley Recreation and Park District**  
**Budgetary Comparison Schedule – Schedule 2**  
**For the Fiscal Year Ended June 30, 2004**

Special Revenue Fund				
Zoo (SSF)				
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 67,323	\$ 66,729	\$ 66,729	\$ -
Use of money and property	3,100	3,100	2,490	(610)
Current services	256,700	258,727	254,707	(4,020)
Other revenue	500,000	500,000	19,094	(480,906)
Total revenues	827,123	828,556	343,020	(485,536)
<b>EXPENDITURES</b>				
Salaries and benefits	250,860	287,429	238,956	48,473
Services and supplies	89,899	101,239	97,488	3,751
Central computer	1,026	-	-	-
Reserves and contingencies	78,406	43,688	-	43,688
Total expenditures	420,191	432,356	336,444	95,912
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund balance	93,068	104,783	-	(104,783)
Operating transfers out	(500,000)	(500,983)	(982)	500,001
Total other financing sources (uses)	(406,932)	(396,200)	(982)	395,218
Net change in fund balances	\$ -	\$ -	5,594	\$ 5,594
Fund balances - beginning			142,572	
Fund balances - ending			\$ 148,166	